THE MAGAZINE OF CORPORATE MANAGEMENT

BUSINESS MONTH

Take Our FAXPOLL Page 104

NOVEMBER 1989 $3.00

The Maypo Culture

An Impatient America Wants It All NOWWW. It's Up to Corporate America to Say NO.

Upjohn's Hair-Raising Adventure–Selling The Drug Minoxidil

Corporate Giving– Does a Handout Really Help Anyone?

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NOVEMBER 1989

BUSINESS MONTH

FEATURES

LEADERSHIP: **THE MAYPO CULTURE** *By Susan Dentzer* 26
Why put off till tomorrow what you can liquidate or leverage today? America's "now-nowism" could spell disaster—and soon.

MARKETING: **BALD SPOT** *By Stephen W. Quickel* 36
How can you fail marketing a miracle? Ask Rogaine creator Upjohn.

SPECIAL REPORT: **WHAT'S IN IT FOR ME?** 46
With bread cast upon waters yielding less than a thousandfold, companies must give thought as well as money to pet causes.

RESEARCH AND DEVELOPMENT: **THE UNCANNY THINK TANK** *By Richard Poe* 58
Will Alcan's idea factory foil a faltering aluminum market?

MANAGING PEOPLE: **HA! TOM FRESTON GETS THE LAST LAUGH** *By Steven Beschloss* 64
The new CEO at MTV Networks balances both budgets and Bon Jovi. Can he cope with comedy?

DEPARTMENTS

LETTERS 6

LEONARD SILK/ON OUTSIDE DIRECTORS 11
They're supposed to represent the stockholders, but too often they are fronts for the CEO.

PERSPECTIVE 16
Hyatt high-ups work for tips. Is overtime overrated? And more.

NORMAN MACRAE/ON EASTERN EUROPE 23
It's all over for communism, but the West can't accept the idea.

Q&A/GEORGE GILDER 84
The author of *Microcosm* explains that in the age of the microchip, the individual is king.

CORPORATE FINANCE/STEPHEN W. QUICKEL 91
With even biotech giants needing fancy financial footwork to stay afloat, Amgen and Genetics' patent battle could be mortal combat.

CORPORATE LAW/DAVID L. JAMES 93
To do business in Japan, the key is not an iron-clad contract but a long-term relationship.

MANAGING INFORMATION/GEORGE T. SHAHEEN 97
Before you buy, strategize: a four-part plan to assure high-tech success.

COMPENSATION/THOMAS J. MURRAY 100
Happy stockholder, happy manager: At McKesson, bonuses are linked to increasing investor values.

FAXPOLL 104
Drugs in the office: How would you handle the addicted employee?

COVER ILLUSTRATION: MARVIN MATTELSON

LETTERS

CUI BONO?

Among the assumptions that are not necessarily accurate in James E. Challenger's article "It's Time to Get Rid of Severance" (September) are that all discharged employees receive outplacement services and that all managers are capable of making an unbiased, legally defensible decision regarding the sincerity of each displaced employee's effort to locate new employment.

As a human-resources executive with a bottom-line orientation and almost 20 years of corporate experience, I've both written and received severance checks. Competent people, faced with even a hint of losing their jobs, often begin their searches well before the ax falls. The cost, in terms of the productivity lost as they are looking, should certainly be weighed against the cost of a severance plan that provides some measure of security: A lump sum does let you know just how much you have to work with.

Under Challenger's staggered severance plan, we could end up providing severance only to those savvy individuals who know how to "prove" they're looking for a job. Further, the administration of such a plan, particularly when large numbers of employees are being displaced, sounds like an administrative nightmare but could, perhaps, provide permanent employment for the outplacement people.

SALLY McKINNEY
New York City

WHERE'S JACKIE ROBINSON?

Here Are the Women to Watch in Corporate America" (April) featured 100 profiles of women who are managers or who have the potential to become top managers within their industries. With this in mind, I am outraged by the publication of "Management Dream Team" (September), because this list contains only white men. The omission of both women and minorities from the dream team is a serious error and perpetuates the sexism and racism in- and outside the business world. As a leading business magazine, BUSINESS MONTH should strive to challenge stereotypes.

EVA M. SCHLESINGER
Somerville, Massachusetts

ETHICS REDUX

Leonard Silk, in his column on entrepreneurial ethics (September), urges business schools to turn out ambitious, energetic leaders who not only have vision and imagination but also ethical values. This is undoubtedly the goal of business schools, but personalities are not as easily altered as he seems to think. Ironically, another article in the same issue ("The Miracle of Theory Q") praised a risk taker who used a "rubber $10,000 check" for a deposit on his dreams. Not only is this unethical; it is also a crime.

It has become the vogue to charge our lack of competitiveness and ethical behavior to our failing business schools rather than to the business community. As a recent MBA graduate, I urge the business community to step back and take a look at itself before casting blame on the degree.

LYNN RYDER
Norcross, Georgia

ENABLING THE DISABLED

In "Disabled Win at Pizza Hut" (September), Steve Zivolich, a consultant for Integrated Resources, is quoted as saying that social service agencies "often have the attitude that these people aren't capable of working." I object to that statement. That was private industry's attitude until recently. Social service agencies have long been trying to provide vocational rehabilitation services to the disabled with the goal of competitive employment in all types of industry.

JOHN E. GILROY
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OFFICE FAX

Overtime's A-Wasting

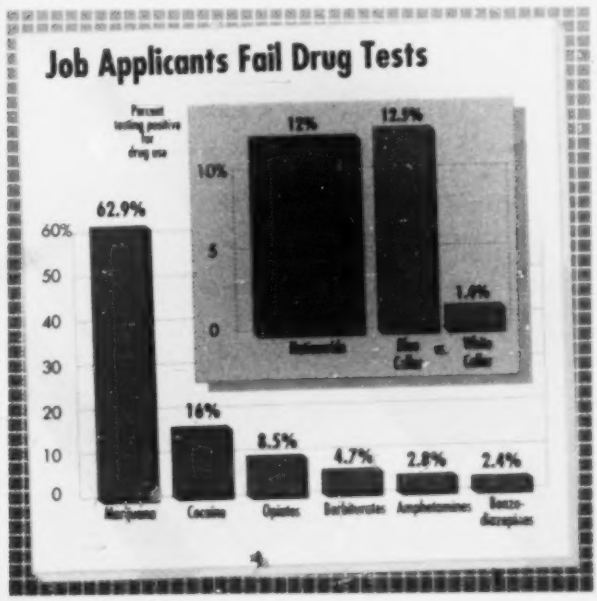
A LARGE MAJORITY OF executives agree that e· ra hours on the job are unavoidable. Nothing newsworthy there. But it turns out that 85 percent also feel their overtime is not cost-effective, according to a study by the American Productivity and Quality Center. Most executives say they poop out after about 10 hours. Over 90 percent say they are more productive if the extra hours are put in during the week, and three-quarters say they like to take a lunch break, even if it means staying later.

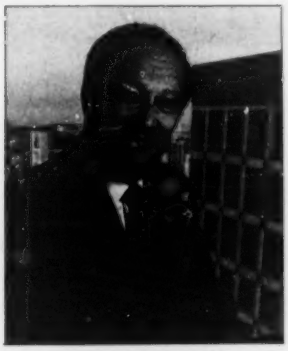
The APQC did not ask about putting in hours after dinner, but a study among telephone company workers showed that this time, too, was mostly wasted. Many a bleary-eyed young fast-tracker would undoubtedly tell you the same thing, once he was comfortably out of the boss's earshot. —*CRAIG MELLOW*

Getting Drugs Out of the Workplace

EVEN WHEN JOB APPLIcants know ahead of time that they are going to be tested for drug use, 12 percent fail. These woeful statistics were compiled by Poull Brien, president of Bio-Analytical Technologies, Inc., in Chicago, and are based on an 8,000-person sample drawn randomly from preemployment screenings his firm has done for dozens of corporate clients during the past year. "These figures are just the tip of the iceberg," he says, "since the applicants should have been prepared for the test. The real usage, especially for white-collar applicants, is unquestionably much higher."

—*STEPHEN W. QUICKEL*





Thomas Field managed McKesson his way, and it cost him his job.

AT THE TOP

The Lonesome Stranger

THE CORPORATE LADDER is always slippery. But perhaps it is slipperiest of all for the CEO brought in from outside the company. Certainly John Stafford at Pillsbury and David Chapman at Cullinet Software found it so: Both left within two years of taking over. The latest outsider to hit the skids is Thomas Field at San Francisco's McKesson Corp.

Field stayed the course for five years, the first two as president, then as CEO, and from all outward appearances, he did a good job. Sales rose 46 percent and profits 33 percent.

His problems were more style than substance. An outsider taking charge is always resented, Field more than most. A career-long supermarket man (most recently as president of American Stores), he simply didn't fit with the wing-tip-shoe types at McKesson. He liked to poke into every part of the company, to shake things up. But when he questioned senior executives' expense accounts and began canceling magazine subscriptions, directors wondered if he shouldn't have better things to do.

The final showdown came over the company's newest venture, PCS, Inc., which processes drug claims for insurance companies at cut-rate prices. Field liked its growth potential, but investors didn't like the conflict of interest with McKesson's drugstore customers, who want to keep drug prices high. The disagreement gave detractors the excuse they needed to force him out.

What now? Don't look for the board to bring in another outsider, says one McKesson source. —*S. W. Q.*

COMPETITIVE EDGE

Having Your Chart Read?

THE HOTTEST NEW READ among executives this year isn't, as one might expect, *Leadership Secrets of Attila the Hun*. It is the Conference Board's collection of corporate organization charts.

The funny thing is, the collection has been around since Harry Truman was president, and nobody paid it much mind until now. "All of a sudden, you've got guys calling up screaming, 'I'm gonna send my courier right over. Have those charts ready,' " says the board's communications director, Randall Poe.

Why, we wondered; is chart reading a powerful new competitive tool or just another fad? To find the answer, we set out to examine the board's 5,000-chart collection.

First of all, they can be surprisingly enlightening.

CHART GRAPHIC CHART & MAP CO. INC. PHOTOGRAPH ED KASH

Self-interest is guiding the corporate handouts of today—leaving some worthy causes out in the cold.

WHAT'S IN IT FOR ME?

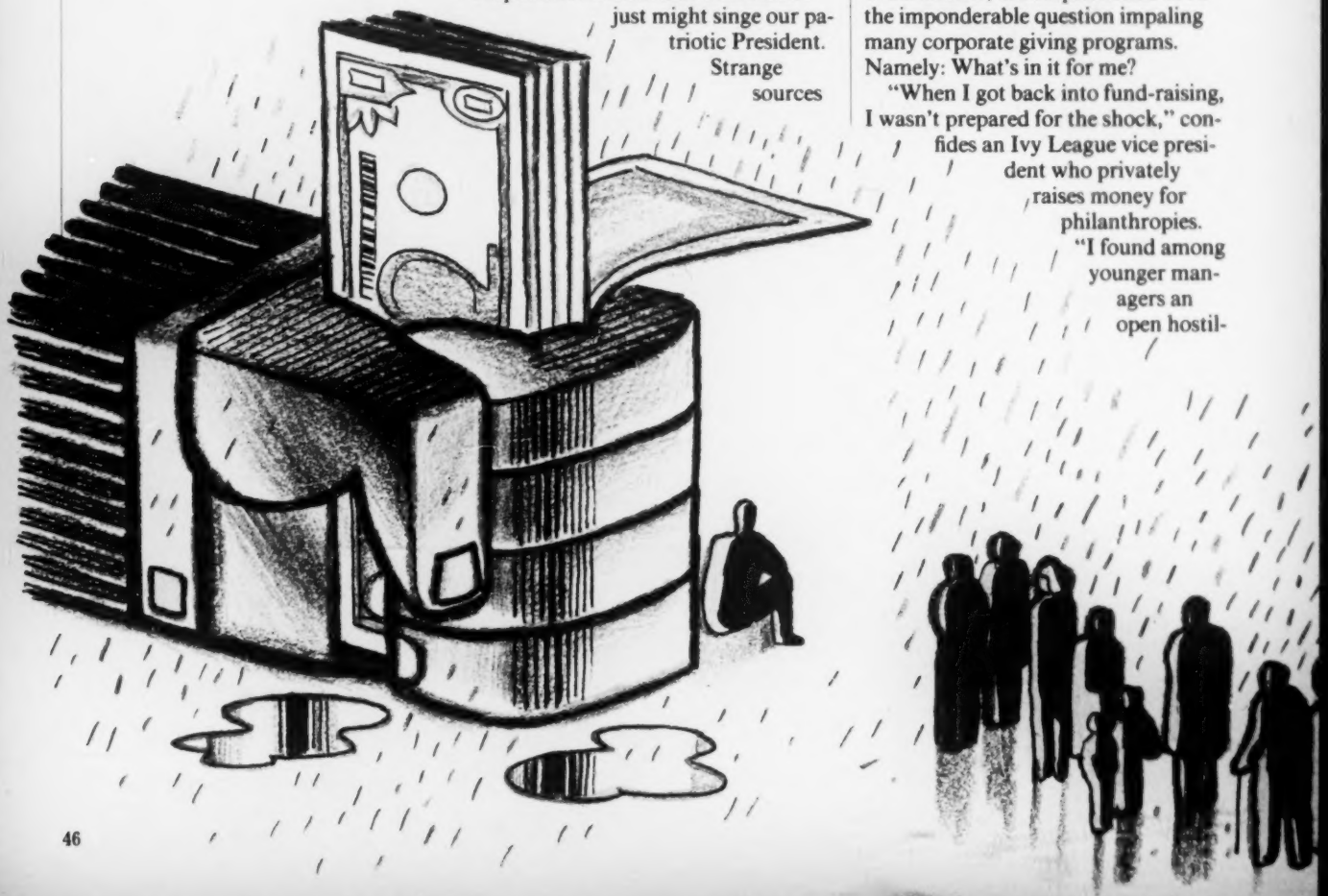
BY P.J. CORKERY

ARE THOSE THOUsand points of light really throwing off any heat? Everyone remembers George Bush's way of characterizing a uniquely American impulse to perform good works—with no expectation of a payback. Businesses, somehow, were supposed to be part of that vast altruistic glow. Are they doing a good job stoking the embers?

Sort of. The lights are burning in corporate America. But their flicker just might singe our patriotic President. Strange sources are powering those lights—things like self-interest, accountability, and something only the image makers on Madison Avenue could concoct: cause-related marketing.

Always an uneasy alliance between philanthropy and publicity, corporate giving is in a critical transition these days. Total spending isn't the problem: At about $5 billion, charity isn't close to extinction, despite the dire prediction of foundations following passage of the Tax Reform Act of 1986. Rather, the culprit seems to be the imponderable question impaling many corporate giving programs. Namely: What's in it for me?

"When I got back into fund-raising, I wasn't prepared for the shock," confides an Ivy League vice president who privately raises money for philanthropies. "I found among younger managers an open hostil-



ity toward corporate giving." Why? "The idea today is to be a real bottom-line person," he says. "They come charging into the room in their dress-for-success suits and Nike sneakers, snarling at us poor fund-raisers. These new guys are keyed only to mergers, acquisitions, and asset management."

Once considered the whim of CEOs—or of their spouses—corporate giving these days is often a standard business expense for which results must be shown. That may well be a step up from Milton Friedman's maxim that a corporation is a good citizen when it devotes itself exclusively to making a profit. But face it: Most good works can't be measured.

The clamoring for accountability isn't all bad. Companies are now doing a better job selecting their targets. Their efforts tend to be more focused. While IBM has cut way back on total giving, it has maintained support to job-development programs and engineering scholarships. Employee volunteerism and matching funds are way up.

For good or ill, corporations are aiding the process of natural selection in social causes. Dominant species these days are education (elementary, secondary public schools, and adult literacy programs have toppled colleges), health care and human services (read: AIDS research instead of hospitals), and community and civic affairs (crime-watch groups and day-care centers are especially hot).

Another twist: It's become fashionable not only to throw money at a problem but actually to *manage* the program with live corporate staff.

That hands-on approach has produced some curious success stories. Time Warner Inc., for instance, has found a way to help combat illiteracy and further long-term corporate objectives by selling its Time to Read program—tapes and lesson plans using *People* and *Time* as models of literacy—to other corporate sponsors, schools, and government agencies.

Easily the most hackle-raising fashion in corporate giving is cause-related marketing, in which a company contributes to a cause when you buy its products. Ben Cohen, of Ben & Jerry's fame, recently formed a company that will give 40 percent of its profits from Rainforest Crunch, a newly introduced brittle, to a fund to protect the ravaged Amazon forests. The chic trend started with American Express's promise to fork over a fraction of its credit-card revenues to restore the Statue of Liberty. It was a dandy way to identify the company with patriotism—and to account for what was more a marketing expense than a charitable donation.

But image-boosting efforts can also backfire in a big way. Remember when Coca-Cola raised $5 million for Hands Across America, a 3,000-mile human chain to symbolize the nation's concern for the homeless and hungry? All that dough went toward setting up the event; not a penny went to those who needed help. Which brings up another liability of cause-related giving: It passes over a lot of deserving but decidedly low-profile causes. After all, most corporations would rather underwrite a major PBS series than contribute to the restoration of a local opera house or theater.

Still, the most amazing thing about corporate giving is its stubborn, cockroachlike durability. Oppressive debt wrought by LBOs, acquisitions, and defense maneuvers has taken a big whack at philanthropy. But at some companies, such as Pillsbury—acquired last January by Grand Metropolitan PLC—foundations have endured pretty much intact.

That should come as no surprise. Philanthropy has been inextricable from American business since pre-Revolutionary War days, when the colonies themselves were businesses and largess was a way of encouraging settlement and prosperity. Captains of industry gave generously, often out of a sense of stewardship and a desire to return something to the community that allowed them to flourish.

It's been said that the greatest boon to philanthropy is the vanity of the rich, many of them successful pliers of capitalism, and a passion to be as immortal as the pharaohs. Most corporations today have a much shorter-term notion of immortality. Cost-cutting and bottom-line thinking have hardened vanity into self-interest.

Maybe that's not such a bad thing after all. Even at its narrowest, self-interest manages to accomplish *some* good. When the Traveler's goes into the inner-city high schools of Hartford, Connecticut, to convince minorities to become actuaries, what's the harm? So what if Ben Cohen sells more candy, if a few more Brazilian trees are saved in the process?

Point is, you can't tell corporations what's in their best interest. If you tried, through regulation or protest, you might very well extinguish all those points of light.

P.J. Corkery, who also writes for Spy, *plans to donate portions of himself to the Peabody Museum.*

The Samaritan Seven

The biggest do-gooders and some of their pet causes

IBM	$135.4*	Who knows? Access denied
General Motors	54.6	University of Michigan, GM Cancer Research Foundation
Exxon	53.0	NJ Science/Technology Ctr., Community Summer Job Programs
Hewlett-Packard	50.4	MIT, Stanford University Hospital
RJR Nabisco	47.5	Second Harvest National Food Bank, Duke University
Du Pont	36.7	University of Delaware, West End Neighborhood House
AT&T	36.5	Stanford University, National Urban League

*Total corporate giving in 1988

ILLUSTRATIONS BY DAVID SUTER